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REPORT OF THE SECOND MEETING OF THE INTER-GOVERNMENTAL COMMITTEE OF EXPERTS OF AFRICAN LEAST DEVELOPED COUNTRIES

(Addis Ababa, 11-13 April 1983)

As amended and adopted by the Third meeting of the Conference of Ministers of African Least Developed Countries

(Addis Ababa, 25 and 26 April 1983)

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ANNEXES:

I. Draft Resolution on measures for accelerating the implementation of the Substantial New Programme of Action in African Least Developed Countries.

II. Draft Resolution on the first round of review meetings for the African least developed countries.

A. Attendance and organization of work

1. The second meeting of the Inter-governmental Committee of Experts of African Least Developed Countries (LDCs) was held in Addis Ababa Socialist Ethiopia, from 11-13 April 1983. The meeting was opened at 16:00 hours on 11 April 1983 by Dr. Taye Gulilat, Deputy Secretary-General of the National Revolutionary Development Campaign and Central Planning Supreme Council of Socialist Ethiopia, and an opening address was delivered by the United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa, Professor Adebayo Adedeji.

2. The meeting was attended by the representative of the following member States of the Commission: Benin, Burundi, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Guinea, Guinea-Bissau, Lesotho, Mali, Niger, Rwanda, Sierra Leone, Sudan, Togo, United Republic of Tanzania, and Upper Volta.

3. The meeting was also attended by observers from Ivory Coast, Nigeria and Libya, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) and the Organization of African Unity (OAU).

4. The Committee elected the following officers to constitute the Bureau for the meeting: Chairman, Mr. Mersie Ejigu, Head Programme and Planning Department of the Central Planning Supreme Council of Socialist Ethiopia and Alternate Central Committee Member of COPWE, Vice-Chairman, Mr. Rugarava Apollinaire, Director General of Planning of the Republic of Rwanda, Rapporteur, H.E. Mr. Francis E.Karemo, Ambassador of the Republic of Sierra Leone.

B. Agenda

5. The meeting adopted the following agenda:

1. Opening of the meeting
2. Statement by the Executive Secretary
3. Election of Officers
4. Adoption of the agenda and organization of work

5. Admission of new members as LDCs

6. Review of socio-economic conditions, major problems and policies in African least developed countries

   (i) Overall picture of African LDCs and review of domestic policies under way in African LDCs

   (ii) Review of individual country's economic conditions, problems and prospects

7. Implementation of the Substantial New Programme of Action in African LDCs

   (i) The preparation and organization of country review meetings

   (ii) Trends and prospects in aid flows and aid modalities in the context of the SNPA

   (iii) Domestic measures for the effective implementation of the SNPA

   (iv) Global monitoring of the Substantial New Programme of Action

8. Measures for effective mobilization of domestic resources in African LDCs

9. Review of ECA activities, 1982-1983 and work programme 1984-1985 for African least developed countries

10. Adoption of the report and closure of the meeting.

C. Account of Proceedings

Opening addresses

6. Dr. Taye Gulilat, Deputy Secretary-General of the National Revolutionary Development Campaign and Central Planning Supreme Council of Socialist Ethiopia, opened the meeting by welcoming the participants, on behalf of his country, to Addis Ababa. He said that since the adoption of the Substantial New Programme of Action, international resource flows to the least developed countries had deteriorated in terms of volume and there had been no improvement in aid modalities. That had been made clear by the pronouncements of donors at the meeting of bilateral and multilateral financing

institutions and recipient least developed countries convened by UNCTAD in October 1982. The downward trend in bilateral official development assistance, coupled with a drastic reduction in the contributions of major donors to multilateral financing and development institutions such as the World Bank and UNDP, had created a financing gap for the implementation of programmes and projects in the context of the SNPA. Dr. Taye further stated that the recessionary tendencies in developed countries had led to a contraction of the market for primary commodities, with a consequent negative impact on the export capacity of African least developed countries, which are heavily dependent on the export of one or two commodities.

7. In the light of these bleak prospects in the international resource flow, Dr. Taye emphasized the need for the meeting to examine the situation quite closely and make appropriate recommendations for the mobilization of domestic resources, not only because of the uncertainty surrounding the availability of external resources but also because the problem of development depended on the African least developed countries themselves and they should therefore design appropriate domestic policies for resource mobilization. Finally, Dr. Taye told the meeting of the encouraging results of various measures taken by the Government of Socialist Ethiopia to mobilize financial and real resources for development and requested the Committee to exchange similar information and experiences in order to draw up concrete recommendations for the consideration of the Conference of Ministers of African Least Developed Countries.

8. In his opening statement to the meeting, the United Nations Under-Secretary-General and Executive Secretary of the ECA, Professor Adebayo Adedeji, thanked Dr. Taye Gulilat, Deputy Secretary-General of the NRDC and CPSC of Socialist Ethiopia and through him the Government and People of Socialist Ethiopia. Professor Adedeji pointed out that the second meeting of the Inter-governmental Committee of Experts of African Least Developed Countries was taking place at the same time as the celebrations to mark the Silver Jubilee Anniversary of the Economic Commission for Africa and its secretariat, which would reach a climax in the Silver Jubilee session, and that a number of African Heads of State and Government had been invited to the session which would be devoted to an assessment of the activities of the Commission for the economic and social development of African countries over the past twenty-five years.

9. On behalf of the Commission, its secretariat and the Inter-governmental Committee of Experts, the Executive Secretary welcomed the five African countries, namely Djibouti, Equatorial Guinea, Sao Tome and Principe, Sierra Leone and Togo, which had been admitted to the list of LDCs in resolution 37/133 adopted by the United Nations General Assembly at its thirty-seventh session. He explained that the GDP per capita element of the criteria for admission had been updated by the United Nations Committee for Development Planning and now stood in the cut-off range of $US 285 and $US 340 at 1977-1979 average prices. It was on the basis of this revised version and technical information provided by the ECA secretariat, especially GDP figures and other relevant social, economic and financial indicators, that the five African countries had been admitted as LDCs. The increase in the number of African least developed countries was a sad reflection of the deteriorating economic and social conditions in Africa since the launching of the International Development Strategy for the Third United Nations Development Decade by the thirty-fifth session of the United Nations General Assembly. The ECA secretariat while having no pride in witnessing the increase in the number of LDCs in Africa, would continue to make every effort to assess economic and social conditions in African countries with a view to helping member States of the Commission to devise appropriate domestic policy measures to bring about the necessary structural transformation of their economies in order to attain a self-reliant and self-sustained growth as stipulated in the Monrovia Strategy and the Lagos Plan of Action.

10. Turning to the first substantive item for discussion by the Committee, a review of socio-economic conditions, major problems and policies in African LDCs covering the overall performance and country-specific economic conditions, domestic policies and problems during the biennium 1981-1982, the Executive Secretary noted that the Survey indicated a near stagnation in the overall growth performance of African LDCs, with an average annual growth rate of GDP in 1981-1982 of approximately 3.6 per cent. In spite of the disparities in the agricultural performance at the country level, the sector had registered an overall annual rate of growth of 2.3 per cent as opposed to a considerable decline in output in the manufacturing sector due to lack of foreign exchange to purchase essential inputs and spare parts, mounting maintenance problems and an increased level of under utilization of capacities of installed industrial plants in African LDCs. He commended the Governments of African LDCs which had enunciated a selected range of policies related to investment, government finance, export promotion, prices and exchange rates, resulting in

substantial improvements in areas such as effective mobilization of domestic resources for investment, rehabilitation of existing industries, strengthening the production capabilities of the agricultural sector and increasing agricultural output.

11. On the implementation of the Substantial New Programme of Action (SNPA), the Executive Secretary commended the efforts and seriousness of the African LDCs in the preparation and excellent organization of their respective review meetings, and expressed appreciation to the lead agencies, UNDP and the World Bank, for their valuable contributions, in terms of technical and financial assistance, to the review meetings. However, he drew the attention of the Committee to the need to re-examine certain pertinent issues in order to ensure a more efficient implementation of the SNPA. Specifically, he said that, firstly, the preparation made by African LDCs should be geared towards more detailed project preparation so that donors would be able to make tangible commitments on specific projects. Secondly, the reports of the review meetings should be explicit about donor commitments so that recipient governments could devise appropriate programme implementation schedules with a greater degree of certainty about resource availability. Thirdly, African LDCs should endeavour to give a clear indication of the inter-country and/or subregional elements of country programmes which might be a crucial element for those multilateral financing institutions interested in funding such programmes and projects. Lastly, the Executive Secretary emphasized the need for an exchange of information on the modalities of mechanisms for national follow-up to review meetings and to consult on the timing of such meetings so that the attendance of major donors at the various meetings would not be impaired.

12. The Executive Secretary noted that there had not been any substantial increase in international resource flow to African LDCs in 1981-1982 and that prospects during the 1980s were rather bleak due to the drastic reduction in official development assistance from bilateral and multilateral sources, particularly the OECD countries. Such trends had significant repercussions on the implementation of the SNPA in African LDCs in view of the high dependence of that group of countries on external resources to finance their medium-term investment programmes within the framework of the SNPA. In the light of this downward trend in resource flow, he invited the meeting to examine the implications of the situation and make appropriate recommendations to the Conference of Ministers of African LDCs, especially, in view of the forthcoming sixth session of the United Nations Conference

on Trade and Development. It was against this background of uncertainty in the level of international resource flow to African LDCs, that the secretariat had prepared, for the consideration of the Committee, a study on measures for the effective mobilization of domestic resources in African LDCs, and he highlighted the main feature of the paper, which included an assessment of the socio-economic structure of this group of countries and prescribed a conceptual framework for domestic resource mobilization.

13. Finally, the Executive Secretary briefly mentioned the main components of the ECA activities and programme of work 1982-1983 and 1984-1985 in favour of the African LDCs and requested the Committee to examine it and make appropriate recommendations, taking into account the priorities and requirements of the group of countries in implementation of the Substantial New Programme of Action.

14. In a brief speech, the outgoing chairman, H.E. Mr. Mamadou Bah, Ambassador of the People's Revolutionary Republic of Guinea, on behalf of the African least developed countries, welcomed the five additional least developed African countries, namely, Djibouti, Equatorial Guinea, Sao Tome and Principé, Sierra Leone and Togo. He stressed the fact that African LDCs would have greater weight in the international scene and urged the United Nations system, particularly UNDP, the World Bank and ECA to assist these new members in organising their review meetings. Finally, Mr. Bah congratulated the ECA secretariat for the continous monitoring of the economic trends and prospects in the African countries, a process which had enabled the United Nations Committee for Development Planning to propose the inclusion of the five African countries in the list of LDCs.

Admission of new members as LDCs (item 5)

15. The Chairman, Mr. Mersie Ejigu, Head Programme and Planning Department of the Central Planning Supreme Council of Socialist Ethiopia and Alternate Central Committee Member of COPWE formally welcomed the additional five African countries to the group of LDCs, namely, Djibouti, Equatorial Guinea, Sao Tome and Principé, Sierra Leone and Togo and said that the increase in the number of African LDCs would henceforth enhance the negotiating capabilities of the group in international fora. He, however, noted that the increase in the number of African LDCs was a sign of deteriorating economic conditions in African countries.

Review of socio-economic conditions, major problems and policies in African least developed countries (item 6)

16. A representative of the secretariat introduced document E/ECA/LDCs.3/2 and briefly reviewed the overall development of African least developed countries (LDCs.).

17. The tendency towards stagnation which had set in the economies of African LDCs in the 1970s had intensified. Their growth rate, which had been only some 3.2 per cent per year had risen to an annual average of only 3.6 per cent from 1980 to 1982. That poor performance could be ascribed to structural deficiencies in the African LDC economies. Those economies were basically agricultural and had suffered from the vagaries of weather (cyclical drought) and from a decline in world prices for agricultural raw materials. For those countries with a mining base, production had in most cases centred around a single commodity in whose price fixing the countries had no say.

18. The high cost of support infrastructures required to exploit national resources had worsened the public financing situation and balance-of-payment deficits of African LDCs, thus keeping them largely dependent on foreign sources of finance.

19. The adjustment policies initiated by African LDCs included:

(a) Agrarian and land tenure system reforms;

(b) Increase in producer prices, restructuring of distribution networks and measures to make local products more competitive;

(c) Establishment of support structures in productive sectors particularly in the rural areas, which accounted for 44 per cent of the total value added and 78 per cent of the working population. Most African LDCs had instituted agricultural credit and price stabilization schemes and established agricultural and industrial development banks;

(d) Control over regular and capital budgets;

(e) Balance-of-payments support particularly through export promotion and import restrictions, etc.

20. Taken individually, almost all African LDCs suffered from:

(a) Outmoded productive equipment and the cost of technology transfers;

(b) Lack of access to the sea which meant that, generally, 26 per cent of public investment went into socio-economic infrastructure;

(c) Inadequate food production which had increased by only 2.3 per cent as compared to a population growth rate of 2.8 per cent per annum;

(d) The overwhelming weight of the public sector.

21. African LDCs had marginally benefited from the stabilizing effect of IMF and World Bank assisted financial adjustment programmes and from programmes for the rehabilitation of their productive sectors. However, those measures had often had serious social consequences. Indeed, these institutions did not always take into account the socio-economic conditions and realities of countries. They often insisted on such measures as import restriction, limitation of wage increase and reductions in the number of civil servant which had resulted in the deterioration of the social, economic and financial situation and led to political instability.

22. In the discussion that followed, participants congratulated the secretariat on the document presented. Most of the participants agreed on the main issues raised in the document and in particular the characteristics and the domestic policies pursued in the African least developed countries and measures to stabilize their economies and stimulate economic growth.

23. One participant indicated the importance of the development and improvement of the transport system as a crucial area for the development of trade. In this connexion, he advocated the need for adopting appropriate and effective measures to stimulate the export drive and to improve their competitive stance in spite of the imposition of quota restrictions and the protectionist policies adopted by the developed countries.

24. Another participant pointed out that devaluation had not produced the expected desired effects in most developing countries, especially within the group of LDC's, due to the rigidity associated with production and price structures, and had only led to rising inflation and growing unemployment. Reference was also made to the need to lessen dependence on foreign aid and to adopt measures that would increasingly lead to self-reliant development.

25. One participant emphasized the importance of fiscal policies. In particular, he referred to the importance of reducing personnel and government imports as a necessary means to correct and improve the budgetary situation. Another participant pointed to the need to put more stress on balance-of-payments problems in African LDC's.

26. Several participants briefly reported their country experiences. While some participants noted the accuracy of the country economic reviews, others drew the attention of the secretariat to the need to up-date the statistical data, as well as to take into account policies that had evolved in 1982.

Implementation of the Substantial New Programme of Action in African LDCs (item 7)

27. A representative of the secretariat introduced document E/ECA/LDCs.3/3 entitled "Implementation of the Substantial New Programme of Action in African Least Developed Countries: Issues for Consideration". More than 18 months after the Substantial New Programme of Action had been adopted by the United Nations Conference on Least Developed Countries, the secretariat had prepared the document as a basis for discussions that should enable the countries concerned to exchange experience and to formulate recommendations. Briefly the three parts of the document were: (a) the main aspects of the Substantial New Programme of Action and progress that had been made in its implementation, (b) consideration of the preparation, organization and follow-up of country review meetings, and (c) consideration of trends in and prospects of aid flows and terms in the context of SNPA.

28. He recalled the recommendations contained in SNPA on (i) national economic measures to be taken by LDCs in the course of the 1980s, (ii) the support to be given by the international community, in particular the objective of devoting 0.15 per cent of the GNP of industrialized countries to assistance to LDCs and (iii) the implementation of SNPA at the national, regional and global levels. Progress had been made in the preparation of consultative meetings and the organization of certain other meetings including the regional conferences of African LDCs held in 1982 in Tripoli and now in Addis Ababa, and the second meeting of bilateral and multilateral financing institutions with the least developed countries held in Geneva. An initial evaluation of those activities had led to certain conclusions deserving the attention of the Committee, namely (i) the vagueness of Round-Table communiqués in respect of pledges; (ii) the need to conduct more detailed project studies; (iii) the need for follow-up mechanisms of country review meetings; (iv) the need to involve the ECA secretariat in the preparation, organization and follow-up of meetings in order to ensure better monitoring at the regional and global levels; (v) the need to lay greater emphasis on subregional projects; (vi) the risk of having an overconcentration of meetings in the second half or last quarter of 1983; (vii) the unencouraging prospects of aid volume and terms; and (viii) the need for countries to reappraise their programmes with a view to making sure that priority projects were funded mainly from national resources.

29. The representative of UNCTAD first referred to the amicable co-operative relationships that exist between the secretariat of ECA and UNCTAD for the benefit of the LDCs. He then welcomed the five new countries which had been added to the list of LDCs. He noted that in accordance with the mandate given to it in the SNPA the UNCTAD secretariat was making detailed arrangements to carry out its task. The arrangements have included a first report of progress made to the General Assembly at its thirty-seventh session (document A/37/197), initiation of the Basic Data Series updating all important socio-economic indicators for the LDCs and the convening of a Second meeting of multilateral and bilateral financial and technical assistance institutions with representatives of the LDCs. He indicated that UNCTAD, in collaboration with the organizations of the UN system was preparing up-to-date information on the situation in the LDCs as a whole. UNCTAD was also preparing in-depth analyses of the progress, in and of policy issues affecting the implementation of the SNPA. In this connexion he indicated that the office of the Director-General for Development and International Economic Co-operation was ensuring the full mobilization of the United Nations System.

30. He informed the meeting that agenda item 12 of the sixth session of UNCTAD (Belgrade 6-30 June 1983) would deal with progress in the implementation of the Substantial New Programme of Action for the 1980s for the least developed countries. He then briefly outlined the content of document TD/276, which contained a brief picture of the general economic situation in the LDCs, including, developments in different sectors, some of the action taken by the governments of the LDCs to implement the SNPA, the international support measures required for the achievement of the objectives of the SNPA arrangements for follow-up and monitoring of the SNPA at various levels, and specific recommendations in respect of financial assistance, international commercial policy measures and ECDC. From the estimates made by the UNCTAD secretariat, while the financial assistance required by the LDCs to achieve the growth rate of 7.2 per cent envisaged in the SNPA would be $14.1 billion in 1985, commitments made by the various donors in Paris and elsewhere indicated that the flow of assistance to the LDCs in 1985 was expected to be only $8.1 billion, leaving a gap of $6 billion. According to the paper, aid modalities, practices and management should be improved and made simpler, more effective and more responsive to the needs of the LDCs. Also, a number of commercial policy measures of general application were proposed.

31. Many delegations stressed the importance of the agenda item and thanked the ECA secretariat and the representative of UNCTAD for having put forward a number of issues which were very important for the effective implementation of the SNPA in African least developed countries. In this connexion the representatives of countries which had already organized their review meetings, provided detailed information on problems encountered in the preparation and organization of those meetings, as well as an evaluation of their results so as to assist in drawing up measures to improve the effectiveness of future review meetings.

32. In general, the Round Table so far organized after the Paris Conference were considered to have been encouraging. However the commitments made by donor countries and institutions did not conform totally to the provisions contained in the Substantial New Programme of Action. It was also noted that, in one country, national follow-up mechanisms had been established, including such mechanisms as inter-ministerial commissions, machinery - for plan execution with specific committees to deal with priority project areas. It was also indicated that quarterly consultative meetings with donors had been instituted as part of the national follow-up mechanisms.

33. With respect to problems encountered during the preparations for and organization of review meetings, it was noted that in some cases, it had proved difficult to ensure consistency between the review meeting documents and the national development plans due to the requirement of having the document of the review meeting submitted to donors well in advance. The drawing up of detailed projects was also mentioned as one of the major problems encountered by countries that had so far organized their review meetings. Nevertheless, it was stressed that the LDCs did not usually have the necessary resources to undertake detailed project studies. Finally some logistic problems were outlined, namely (a) the fact that lack of strong links with some potential donors made it difficult for countries to issue invitations with a view to attracting as many donors as possible and (b) the national capacity to accommodate a large number of participants at review meetings.

34. Representative of countries which were in the process of preparing their review meetings also apprised the meeting of their experiences and indicated some changes in timing of their review meetings because of the cool response to exploratory contacts with potential donors. It was also reported that some countries were facing difficulties in finalizing Round Table documents due to some differences in the overall assessment of the magnitude of the investment

programme by certain lead agencies. Also other countries informed the meeting of their difficulties in making feasibility studies of projects. One country noted the usefulness of its having attended the review meetings of neighbouring least developed countries.

35. The representative of UNDP noted the importance of the issues raised in the ECA document on the implementation of the SNPA in African LDCs, with particular reference to paragraphs 17, 18, 19 and 21. Those issues called for much more serious and detailed examination by the Committee than had so far been given. In regard to the convening of the remaining country review meetings, he emphasized the need for the meeting to pay particular attention to the likely overlapping of these meetings in the second half of 1983 if the existing schedule were to be kept. With regard to the call for increased flow of official development assistance to LDCs, he pointed out that some donor countries and agencies were increasingly directing emphasis towards more effective utilization of resources already made available to the least developed countries instead of increasing the volume of such resources. This had a direct bearing on the need for increased efforts on the part of LDCs towards more effective mobilization of domestic resources and better management of externally-derived resources as well as significant improvement in overall economic management.

36. In discussing the trends in aid flows and aid modalities, many participants expressed concern about the prospects of achieving the targets set at the Paris Conference, namely devoting 0.15 per cent of the GNP of industrialized countries for assistance to least developed countries or doubling such assistance by 1985. It was pointed out by participants that the implementation of development plans of LDCs and of the SNPA could be endangered in such a situation. Indeed some participants noted that there was some apprehension regarding the will of donors to assist the least developed countries, as in some cases donors did not seem to trust the recipient countries. The result was that the criteria, conditions and terms of aid were often very difficult. It was, in this connexion, emphasized that the criteria for aid should be non-political to ensure that assistance was provided to all countries regardless of their ideological, religious and cultural orientation. Donors should also take full cognizance of the priorities of the individual least developed countries. With respect

to aid prospects, some participants requested the secretariat to reformulate paragraphs 50 and 51 of the document of the secretariat with a view to reflecting more accurately the ongoing development efforts in African least developed countries.

37. Throughout the discussion, the meeting stressed certain specific issues requiring particular attention by the Conference of Ministers. First, it was strongly felt that governments should closely examine the objectives they intended to achieve from the review meetings before organizing such meetings and to undertake an ex post facto analysis of the results of the meetings. Originally, the review meetings were aimed at reaching concrete decisions on development programmes with clear commitments albeit under certain conditions. However, experience had shown that the review meetings were tending to just become like seminars.

38. Secondly the meeting strongly emphasized the need for high-level consultation on the possibility of rearranging the timing of the review meetings to ensure inter alia competent representation at all review meetings. It was noted in this respect that review meetings clustered around the same period would make it difficult or almost impossible for the same donors to be adequately and competently represented at all meetings. It was also suggested that it might be necessary to reconsider the SNPA recommendation contained in paragraph 114 on the completion of the first round of review meetings by 1983. This was particularly pertinent given the increase in the number of African least developed countries that still have to organize review meetings in the remaining eight months.

39. Thirdly, participants reiterated the importance of co-ordination among the LDCs themselves as well as in the UN system for the effective use of competence existing in various institutions including the ECA secretariat. Particular attention was drawn to the increasing requests to the ECA secretariat to provide assistance in the substantive preparation of review meetings. It was therefore felt by the Committee that additional resources should be made available to ECA to be able to provide such assistance. It was further proposed that the ECA secretariat, in collaboration with the lead agencies, should assist the LDCs upon request in establishing machinery for the follow-up of commitments made at various review meetings, as well as undertaking studies on the flow of aid to the countries concerned, including convening meeting of major donor countries and institutions. The meeting agreed to make specific recommendations or resolutions on the above issues for the consideration of the Conference of Ministers of African least developed countries and subsequently of the forthcoming sixth session of UNCTAD in Belgrade in June 1983.

Measures for effective mobilization of domestic resources in African least developed countries (item 8)

40. A representative of the secretariat presented document E/ECA/LDCs.3/4 entitled "Measures for effective mobilization of domestic resources in African LDCs", which is part of a series of research activities on the special circumstances of the economies of African LDCs. It was against a background of the lop-sided structure of the international money markets (mainly the re-cycling of surplus petrol-dollars by major commercial banks in the form of high interest-yielding short and medium-term credits), a downward trend in international resource flows, particularly concessional funds from multilateral and bilateral sources, where official development assistance was estimated to stagnate at a level of 0.36 per cent of donor GDP during 1981-1985, and other difficult socio-economic conditions prevailing in African least developed countries, that the secretariat had carried out the study which attempted a survey of various practical and operational measures aimed at increasing the level, rational allocation and efficient utilization of domestic resources (human, natural, financial, institutional, cultural, etc.) as the mainstay for financing development programmes and projects within the context of the substantial new programme of action for the African LDCs during the 1980s.

41. In general, the study recommended the following appropriate measures for increasing the level of domestic resources, inter alia to broaden the tax base through intensive taxation of wealth and property, capital gains, gifts, estates, inheritances, etc., re-investment of the profits of public enterprises to develop and/or expand production capabilities; public borrowing from banks, business organizations and individuals through the issuing of securities, bonds and certificates; the establishment and strategic location of development-oriented financing institutions such as agricultural and industrial banks and savings banks, etc. in order to attract and encourage a greater proportion of the population to save; the establishment of technological and project development institutions in order to enhance domestic capabilities and reduce the dependence of African LDCs on imported capabilities which were a major source of capital outflow from these economies, and intra-African joint ventures for the development and exploitation of natural resources.

42. On the rational allocation and efficient utilization of domestic resources, the representative of the secretariat said that that was for individual African LDCs to judge, since the optimal allocation of resources was dependent on the overall national objectives, sectoral priorities and choices of programmes and/or projects within sectors. However, he emphasized the importance of establishing and/or strengthening appropriate national institutional machinery such as financing institutions in order to bring about a higher rate of savings and the efficient management of existing flows of savings, and to collect cash surpluses of the population for investment in productive sectors; of establishing project development institutions for the systematic identification, preparation and appraisal of development programmes and projects thereby re-directing funds to other development activities which would otherwise have been used to pay for expatriate consultancy services for project development; of establishing of national technological institutions to be responsible for the formulation of policies on technology, including the provision of engineering and design services, evaluation and negotiation of contracts, selection, unpackaging and adaptation of imported technology, assessment of the availability of alternative technologies on the market, etc. all of which had hitherto been the domain of extra-African institutions, and finally, of establishing multinational undertakings for resource development and exploitation, inter-country and/or subregional industrial consultations and the establishment of appropriate machinery to devise regional policies and strategies for extensive regional co-operation.

43. Several participants congratulated the secretariat for raising in the document pertinent questions which touched upon the root causes of the development problems of African least developed countries. They stressed the fact that mobilization of all available national resources was the only way to initiate and maintain development. They made comments and suggestions on the practical measures proposed by the secretariat.

44. In view of the strong fiscal pressures and the low level of domestic savings of African least developed countries where the tax income/GDP ratio was, in most cases, higher than 20 per cent while a marginal propensity to save was about 3 per cent, the meeting stressed the need to complement the fiscal and monetary measures for the mobilization of national resources with human resources development policies, since human resources were the principal wealth of African LDCs. It was also stressed that the specific physical and socio- economic characteristics of each African LDC (surface area, population, level of development etc.) should be taken into account when formulating various policies. Some participants stressed the fact that national resources could be mobilized, inter alia, through:

(a) The initiation of policies to increase the incomes of households, especially in the rural areas;

(b) the development of agriculture and the promotion of small and medium-scale industries through appropriate credit policies;

(c) the establishment of African multinational enterprises to counteract the difficulties that African LDCs faced individually when making huge investments.

45. Because of the stagnation and/or decrease in the volume of aid to African LDCs, participants expressed concern over the gloomy prospects for the future. They therefore highlighted the need to base development plans and programmes on available resources (especially national resources) in order to reduce the ever-increasing dependence of African LDCs on external aid. The following constituted bottlenecks to the mobilization of national resources: (a) waste and mismanagement of available resources; (b) salary inequalities which weighed down rural households with heavy taxes while urban households were given consumer subsidies for the major basic commodities.

46. The representative of UNDP said that in view of the shortfall in the pledges of contributions to UNDP, UNDP had substantially reduced its activities in developing countries in general and in African least developed countries. Many countries had consequently been greatly disappointed. African LDCs would therefore need to improve on the allocation and effective utilization of the resources placed at their disposal to conform with national priorities which should in turn be in conformity with the Monrovia Strategy and the Lagos Plan of Action.

47. Some delegations mentioned the efforts made by African LDCs to utilize efficiently the external resources made available to them but indicated that in most case such resources were not under the direct management of the recipient countries. It was also felt that the terms and conditions of loans and technical assistance, including the preparation of detailed project studies, were impediments to the efforts of the LDCs. The Committee therefore called for management reforms in African LDCs and in donor aid administration in order to resolve the conflict that normally arose between identified national priorities of individual African LDCs and the aid criteria and interests of donors.

48. The meeting stressed the need to implement specific and in-depth country studies on the problems arising from the optimum mobilzation and utilization of national resources. It was also generally agreed that the credibility of African least developed countries would be greatly strengthened if they demonstrated the ability and willingness to effectively and efficiently mobilize and utilize their own resources. Thus external aid would be seen as temporary and not the permanent feature as it was currently perceived to be. The need for African least

developed countries to effect fundamental changes in their patterns of consumption especially in the urban areas in order to promote savings and direct it towards productive investments was stressed. It was generally agreed that low incomes should not be an impediment to savings because the rural area where the great majority of low income earners lived was the area upon which many African countries, including African least developed countries, depended to finance their development. To this end, the meeting emphasized a better economic management of the African LDCs economies and called, among others, for an equitable distribution of the cost of development between the urban and rural sectors, elimination of subsidies for consumption goods in the urban areas and plugging of leakages of foreign exchange earnings from their economies.

Review of ECA activities 1982-1983 and work programme, 1984-1985 for the African least developed countries (item 9)

49. A representative of the secretariat introduced document E/ECA/LDCs.3/5 entitled "Review of ECA activities, 1982-1983 and work programme, 1984-1985 for the African Least Developed Countries. In the document, the activities of the secretariat during 1982 and those planned for 1983 were briefly reviewed in respect of the major studies and research activities carried out or to be undertaken, and the main programme elements of the programme of work during the biennium 1984-1985 were highlighted. The studies which had already been concluded in 1982 and submitted to the Inter-governmental Committee of Experts, included a survey of economic and social conditions in African least developed countries; a study on measures of effective mobilization of domestic resources in African LDCs; and an assessment of the implementation of the Substantial New Programme of Action (SNPA) in African LDCs. Other areas of activities were the organization and servicing by the secretariat of the second meeting of the Conference of Ministers of African Least Developed Countries from 26-27 April 1982 in Tripoli, Libya, which had been preceded by a preparatory meeting of the Inter-governmental Committee of Experts; the participation of the secretariat at various conferences and meetings the main themes of which focussed on the implementation of the Substantial New Programe of Action, specifically the individual country Round Table Conferences and consultative meetings with donors organized by certain African least developed countries; the 18th session of the United Nations Committee for Development Planning at which the application of five African countries to be included in the list of LDCs were considered; the United Nations inter-agency consultation on the follow-up of the SNPA; and the second meeting of bilateral and multilateral financial and technical

institutions with least developed countries to assess the outcome of the Paris decisions and follow-up measures for the implmentation of the SNPA. The representative of the secretariat also informed the meeting that at the request of the governments of various African LDCs, ECA had provided technical assistance in the preparation of individual country review meetings, country-specific economic studies, and other sectoral assistance in the areas of agriculture, industry, natural resources development, energy, statistics, transport, etc.

50. On the programme of work of the Commission for the African LDCs, the representative of the secretariat informed the meeting that in accordance with resolutions 3201 (S-VI) and 3202 (S-VI) of the General Assembly, UNCTAD resolution 122 (V), and in particular, ECA Conference of Ministers Resolutions 397 (XV), 456 (XVII) and 457 (XVII), the secretariat had developed a special programme for the African least developed countries in order to assist in the implementation of the SNPA, the main components of which included technical advisory services to assist African least developed countries in undertaking in-depth socio-economic surveys, in formulating national socio-economic development plans and policies and in the preparation and organization of Round Table conferences with donors; assistance for on-the-job training in the preparation of socio-economic surveys and in the training of a cadre of planners and programmers in order to enhance the capabilities of these countries in development planning and programming; assistance in the elaboration of national and regional programmes as well as in the mobilization of external and domestic resources; and assistance in the detailed arrangements for the co-ordination, monitoring and review of the Substantial New Programme of Action in order to ascertain the maximum exploitation of the benefits of project and programme inter-relationships at the country level of African least developed countries. The representative of the secretariat informed the meeting about a number of studies to be carried out in 1983 in preparation for the fourth meeting of the Conference of Ministers of African Least Developed Countries which included a survey of economic and social conditions in individual African least developed countries which would review the effectiveness of national policies and the impact of external factors on the economies of African LDCs and an appraisal of economic trends for policy formulation; an assessment of the progress achieved in the implementation of the SNPA as an input into the global mid-term review in 1985; an assessment of food supply situation in African LDCs, dealing with a critical analysis of national strategies and policies, food production capabilities and programmes and the requisite international support measures and domestic policy options. He then highlighted the main programme elements

of the work programme during the biennium 1984-1985 in favour of the African LDCs which included: technical assistance and advisory services; survey of economic and social conditions in individual African least developed countries, follow-up and monitoring of the implementation of the Substantial New Programme of Action; in-depth case studies on the economic and social conditions in African LDCs; and servicing of the meetings of the organs of the Commission of African Least Developed Countries.

51. In the ensuing discussion, one representative stated that one of the substantive items on the agenda of the sixth session of the United Nations Conference on Trade and Development scheduled to take place in Belgrade in June 1983, was an assessment of the progress achieved in the implementation of the Substantial New Programme of Action (SNPA). He said that prior to the meeting, the meeting in Libreville of the Conference of African Ministers of Trade and Finance in February 1983 had adopted a resolution on the SNPA and the Buenos Aires meeting of the Group of 77 had also adopted a recommendation on the same subject and proposed that these documents should form part of the African LDCs position at UNCTAD VI.

52. Another representative observed that a unit for African Least Developed Countries had been established within the framework of the ECA secretariat and wanted to know the functions of such unit in order that African LDCs could benefit more fully from its operational work programme. He said that the encouraging results of the Round Table conference organized by his country in December 1982 were a positive indication of the interest of donors in assisting the development effort of his country. Finally, he commended the efforts of the ECA secretariat in providing assistance to African LDCs and specifically expressed appreciation for the study prepared by the secretariat on the implications of his country's membership in the Preferential Trade Area (PTA) grouping and/or the future Economic Community of Central African States which would enable the government to make the requisite decisions on its membership in either of the subregional economic groupings.

53. In a brief intervention, the representative of the UNDP observed that in view of their long years of experience in programme planning and development in African countries and the resource earmarked by those institutions for such projects, the ECA should consider associating the UNDP, World Bank and the African Development Bank (ADB) in the implementation of its work programme

during the 1984-1985 with regard to the provision of advisory services to African LDCs in planning, programming and project preparation. He also suggested that UNIDO and FAO should be associated with the studies on industrial capacity utilization and the assessment of food strategies in African LDCs, respectively.

54. In response to the issues raised, the representative of the secretariat stated that the establishment of the Unit for African LDCs within the ECA was a result of a resolution adopted by the ECA Conference of Ministers in April 1980. The functions of the Unit included, among others, the preparation of in-depth topical socio-economic studies on African least developed countries including the land-locked and island countries; collection and analysis of relevant data and information on the economic and social trends in African LDCs in order to ascertain the successful implementation of the SNPA, provision of assistance to African LDCs in planning, programming and project preparation, and assistance on the preparation and organization of country review meetings. Further, because of the multidimensional character of the SNPA, the ECA special programme for the African LDCs involved all the substantive divisions of the secretariat and to that effect a standing inter-divisional committee had been established. The role of the Unit for African LDCs was to co-ordinate the programme activities of all the divisions of the ECA secretariat. With respect to other specialised agencies of the United Nations system and other institutions, the representative of the secretariat said that the programme of work would be executed in close collaboration with other competent organizations, and as specifically mentioned that the UNDP, World Bank, ADB UNIDO and FAO would be associated with the programmes pin-pointed by the UNDP representative.

55. The meeting adopted the proposed work programme, and agreed to recommend it to the forthcoming meeting of the Conference of Ministers of African Least Developed Countries for approval.

ANNEX I

Draft Resolution on measures for accelerating the implementation of the Substantial New Programme of Action in African Least Developed Countries

The Conference of Ministers,

Recalling ECA resolution 297(XV) of 12 April 1980 entrusting the Conference of Ministers of African least developed countries with the responsibility of ensuring the co-ordination of efforts, establishing priorities, monitoring and evaluating progress under the Comprehensive New Programme of Action in African Least Developed Countries;

Recalling United Nations General Assembly resolution 36/194 of 17 December 1981 endorsing the Substantial New Programme of Action for least developed countries adopted by the United Nations Conference on Least Developed Countries on 14 September 1981;

Taking note of the tremendous efforts made by the African least developed countries in the preparation of their respective country review meetings, especially in devising policies aimed at ensuring a successful implementation of their national programmes;

Expressing deep concern at the disappointing results of the second meeting of bilateral and multilateral financial and technical assistance institutions with least developed countries in October 1982 in Geneva;

Noting that the review meetings so far organized have not totally met the expectations of the LDCs since the commitments made by donor countries, organizations and institutions have not fully matched the provisions of the Substantial New Programme of Action;

Recalling to that effect General Assembly resolution 37/[illegible] of 20 December 1982 which inter-alia calls upon donor countries and institutions to implement their commitments, as contained in paragraphs 61 to 69 of the Substantial New Programme of Action, so as to achieve substantial increase in resources for the development of least developed countries;

Taking note of the reports of the ECA and UNCTAD secretariats respectively on the implementation of the Substantial New Programme of Action in least developed countries, which underline the fact that there was no substantial increase in aid flows to African least developed countries in 1981-1982;

Further taking note of the Libreville Declaration of February 1983 by the African Ministers of Trade on the Implementation of the Substantial New Programme of Action in least developed countries, further endorsed by the preparatory meeting of the Group of 77 in Buenos Aires in March 1983,

Bearing in mind the ECA Conference of Ministers resolution 457(XVII) of 30 April 1982 on the implementation of the Substantial New Programme of Action within the framework of national and collective self-reliance,

1. Reaffirms that the primary responsibility of development rests with the African least developed countries themselves and that external aid is only complementary to domestic efforts for the implementation of the SNPA and not a permanent source of support;

2. Calls upon African least developed countries to intensify their efforts in devising practical measures for mobilizing domestic resources for development and better economic management,

3. Strongly urges developed countries and those developing countries in a position to do so, multilateral development and financing institutions, organizations and specialized agencies of the United Nations System to take immediate and concrete action to accelerate the implementation of the Substantial New Programme of Action for 1980s for the least developed countries,

4. Calls particularly upon donor countries and institutions to implement their commitments with respect to aid flows especially the target of 0.15 per cent of GNP of donor countries for assistance to least developed countries and the doubling of resource flows to least developed countries by 1985,

5. Calls upon donor countries and institutions to take concrete actions to honour their respective commitments made during the country review meetings so far organized and those to be made in future review meetings in order to enable the countries concerned to implement their programmes in the most effective and expeditious ways.

6. Also calls upon donor countries and multilateral development and financial institutions to urgently improve the quality and effectiveness of aid to African least developed countries with a view to enabling them to use more effectively and expeditiously the resources made available to them,

7. Calls upon the Executive Secretary of ECA to continue to provide assistance to African least developed countries, in collaboration with the lead agencies, in all aspects of the implementation of the Substantial New Programme of Action and in particular to assist (a) in undertaking, upon request by Governments, studies aimed at enabling the African LDCs to mobilize domestic resources for development; (b) in establishing national follow-up mechanisms to the review meetings and monitoring of the implementation of the SNPA; and in general, to assist the LDCs attain a self-reliant and self-sustained economic growth and development;

8. Requests the Executive Secretary of the ECA to bring to the attention of the sixth session of UNCTAD the contents of this resolution.

ANNEX II

DRAFT RESOLUTION ON THE FIRST ROUND OF REVIEW MEETINGS FOR THE AFRICAN LEAST DEVELOPED COUNTRIES

The Conference of Ministers

Recalling paragraphs 110 to 116 of the SNPA and General Assembly resolution 37/224 of 20 December 1982 recommending strongly that the first round of review meetings at the country level on the implementation of the Substantial New Programme of Action should be completed by 1983;

Considering the experience that has so far been obtained from the review meetings that have been completed by 6 African least developed countries;

Aware that with the additional new five African countries that were admitted to the group of least developed countries in General Assembly resolution 37/133 there are still 20 African least developed countries that have to organize review meetings;

Further aware that the clustering of review meetings to comply with the 1983 deadline will negatively affect their final results;

Noting with concern that the present declining trend in official development assistance to least developed countries is incompatible with the commitments undertaken in the Substantial New Programme of Action;

Convinced that review meetings should serve as mechanisms for reaching concrete decisions between the recipient least developed countries and the donor countries and agencies and not merely a forum for exchanging views on the development needs of individual LDCs, particularly because of the importance which the LDCs attach to these review meetings and the cost incurred in holding them;

1. Calls upon all the African least developed countries that still have to organize review meetings to urgently hold high level consultations among themselves and with the lead agencies with a view to rescheduling and appropriately spacing their individual review meetings if necessary up to the end of 1984 but in any case before the 1985 mid-term review;

2. Calls upon the sixth session of the United Nations Conference on Trade and Development to consider the possibility of making special allowance for African least developed countries to organize their first round of review meetings beyond the time frame recommended in paragraph 114 of the SNPA and in General Assembly resolution 37/224 of 20 December 1982 in the light of the outcome of the high level consultations;

3. Requests the African least developed countries to ensure the establishment of an effective follow-up mechanism to the review meetings;

4. Urges the UN system to effectively co-ordinate activities for assisting African least developed countries in preparing review meetings so as to utilize fully the available resources of the various organizations of the UN system;

5. Further requests the Executive Secretary of ECA, in collaboration with the lead agencies, to undertake periodically an assessment of the results and effectiveness of review meetings sometimes after they have taken place, and to undertake an overall assessment upon completion of the first round of review meetings;

6. Calls upon member States to ensure during the organization of their individual country review meetings the availability of well-identified projects wherever possible, and to take into effective consideration the regional dimensions of their programmes as provided for in the SNPA;

7. Further calls upon the donor countries, organizations and institutions to ensure effective representation at the country review meetings so that concrete commitments and final decisions could be made;

8. Appeals to other developing countries in a position to do so to participate at appropriate levels at the country review meetings in conformity with the principles and objectives of TCDC and ECDC;

9. Requests the Executive Secretary of ECA and the Secretary-General of UNCTAD to draw the attention of UNCTAD VI to the contents of this resolution during the discussion of agenda item 12.